



JOINT AUDIT COMMITTEE

DRAFT MINUTES

Date: 14 December 2017

Time: 10.30 hours

Location: Conference Room 3, Police Headquarters, Huntingdon

Members : Simon Smith Chair
Mike Hindmarch
Ian Pinches
Gary Ward

In Attendance:

Alan Baldwin	Deputy Chief Constable
Jason Ablewhite	Police and Crime Commissioner
Dorothy Gregson	Chief Executive for the OPCC
Graham Oliver	Interim Head of Finance for the OPCC
Niki Howard	Director of Finance & Resources - Constabulary
Carol Ryan	Ernst Young
Daniel Harris	RSM
Natalie Benton	Head of Corporate Development Department
Chris Savage	Chief Inspector, Corporate Development Department
Vicki Simms	Governance & Inspection Officer, Corporate Development Department
Nancy Leversha	Strategic Accountant, OPCC

1.	Welcome and Apologies
	Simon welcomed Gary to his first meeting and introductions were made around the table.
	Apologies were received from Alec Wood Chief Constable, Matthew Warren Interim

	CFO for the OPCC and James Morgan Member.
2.	Declarations of Interest
	There were no new declarations of interest.
3.	Approval of the minutes from the last meeting held on 27 September 2017
	It was noted that the apologies for the September meeting were missing from the minutes. The minutes were agreed and signed as correct.
4.	Review of Action Log
	64 – Tri-Force ToR on agenda – closed 66 – Impact of Police/Fire Business case – ongoing 67 – RSM to include previous year on appendix B at full year – April meeting 72 – Schedule of risk based prioritisation policy review – April meeting 75 – Collaboration risk register – on this agenda – closed 76 – Consider internal audit of integrity controls processes – NL check minutes and speak to MW 77 – faster closedown – on this agenda – closed 78 – OPCC restructure – covered under BAF paper on agenda – closed 79 – risk appetite – covered under BAF – closed 80 – committee appraisal – Item 16 of this agenda – closed 81 – ideas for committee appraisal – Item 16 of this agenda – closed 82 – 2018 dates review – completed and closed
5.	Internal Audit Progress Report
	Five reports have been finalised in the last quarter. One report on Seized property and controlled drugs has received no assurance, two reports have reasonable assurance and two reports have substantial assurance. Four collaborated reports are going through quality assurance and will be at the April meeting. Cyber security and PSD will come to this committee as will details from the assurance levels from the Beds and Herts audits.

The pack referred to the revised draft report for the Seized property and controlled drugs report which has now been finalised, there have been some small changes but no fundamental changes.

There have been no changes to the audit plan.

There has been an initial meeting with officers to discuss the 18/18 plan and that will come to the committee in April. The collaboration audits are to be agreed with the BCH CFOs.

With reference to the **seized property report**, a member asked whether the perceived impact of risk as medium is correct as the narrative appears to say this would have high impact. Dan Harris gave a summary of the progress of this report from when it commenced and the ongoing conversations with officers. As stated the report has no assurance and all the recommendations have been accepted by management and the final report shows that some actions have been completed.

Dan gave a summary of the recommendations and their agreed implementation dates.

The committee raised the point that this is the third audit in similar areas where there has been no assurance. They questioned whether there is a wider commonality that should be added to 18/19 Audit Plan. Dan suggested that a full re-audit rather than a follow up in Q1 if agreed by officers may provide more reassurance.

The DCC stated the no assurance is based on process, there is lots of assurance around this area of business, nothing has been lost and the audit narrative is specific and would not mean the same thing to the public. The findings have been accepted but the ACC and NH have gripped this. There are small process issues and these are being addressed.

The committee asked what other forces are like in this area. Dan stated this is the third negative assurance in four forces issues this week.

The committee asked whether this appears on the operational risk register. NH stated this is a reputational risk and would not appear on the operational risk register which is as at a high level.

The committee were informed this area of business will come under the Local Policing which will assist with reporting.

This is a procedural not an operational risk, we are seizing and dealing in the right way. It was asked whether at the end of the year the trends from audits are captured.

Payment & Creditors – a member asked whether point 1.4 is non-compliance with process or no process. This relates to changes in supplier accounts, and refers to no evidence being recorded once secondary checks have taken place. The checks have

	<p>taken place just the checker hasn't included their initials.</p> <p>We recognise the standing orders need to be amended in line with new processes following the new finance system.</p> <p>The committee asked that the narrative is clear in the future, Dan Harris noted this.</p> <p>MTFP Savings and Payroll – received substantial assurance.</p> <p>The finance audits that have taken place have received some recommendations with positive opinions and we know that the documenting of the systems needs to be completed. Overall pleased with the progress of the financial reports.</p> <p>Risk Management governance is being audited in Q4.</p> <p>The committee noted that with regard to operational reports that few have been issued. They requested the plan be looked at to balance these across the year.</p> <p>Dan Harris stated this is the case, however there has been slippage or issues in the collaborated areas and an audit wouldn't have added value at the time. If audits are postponed there are robust discussions.</p> <p>It was stated the collaborative audits take longer so can they start sooner?</p> <p>The committee were informed there is a meeting with the five CFOs to discuss timing and areas of collaboration scheduling for 18/19. These are going to be more business as usual rather than change next year.</p> <p>Primary scrutiny of collaborated forces is undertaken by the lead force and secondary by other forces in the collaboration.</p> <p>Simon Smith stated he is meeting with the Beds and Herts Chairs and they may discuss the scrutiny process particularly when the secondary forces wish to make comment on particular audit reports.</p>
	<p>Resolved:</p> <ul style="list-style-type: none"> (i) <i>The group noted the report.</i> (ii) <i>Constabulary to consider position of operational risk register in relation to negative assurance audit.</i> (iii) <i>Audit plan for 18/19 can any issues in the broader framework be included in the plan.</i>
<p>6.</p>	<p>Internal Audit Recommendations Progress Updates</p>

	<p>Financial Recommendations – this was covered under Item 5.</p> <p>Non-Financial Recommendations – following feedback the recommendations and actions have been redisplayed which allows tracking of progress to be clearer.</p> <p>OPCC Recommendations – no recommendations outstanding.</p>
	<p>Resolved:</p> <p><i>(i) The group noted the reports.</i></p>
<p>7.</p>	<p>Annual Audit Letter</p>
	<p>The Annual Audit Letter on pages 2 and 3 gives a summary with unqualified opinion and proper arrangements are in place.</p> <p>In relation to faster close, conversations with NH and MW have been taking place.</p> <p>Looking at the accounts with early work and intend to move as much to earlier as we can, also looking at how we approach in entirety across BCH and adopting the same system. It will be a complex process and planning and communication will be key.</p> <p>Planning has started and initial discussions have raised no specific concerns/risks. The audit plan will be drafted and agreed between audit committee meetings so will arrange for this to be sent around members.</p> <p>Final accounts will be soon after draft accounts have been delivered, EY intend to run processes together across BCH to achieve efficiencies in processes.</p> <p>NH stated our biggest concern has been communications and Carol Ryan has taken this on and we have good dialogue now. EY have worked hard on this thanks to Carol.</p> <p>Carol Ryan stated that they will be undertaking substantial approach not controls assurance.</p> <p>The committee noted the efficiency of audit process and the timeframe but stated the challenge for EY will be resourcing and ensuring that quality is maintained.</p> <p>Carol Ryan agreed and stated that is why they are doing more audits earlier and will be using an EY online portal for queries and using analytical tools.</p> <p>The committee agreed the issue is with the auditors, as they will have two months rather than three to deal with in the region not just Cambridgeshire. We note that resourcing was better this year bit we have had issues in previous years.</p> <p>The committee are keen to see the dates once the plan is drafted.</p>

	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> <p>(ii) <i>External Audit plan to be circulated outside of meetings.</i></p>
<p>8.</p>	<p>Collaboration Risk Register</p>
	<p>This has changed to business as usual rather than change. ICT and Transformation is under this and savings need to be found. Collaborated units will face budget pressures as well as everybody else.</p> <p>The governance is far simpler than a year ago and the information flow is far better.</p> <p>It was asked if the summary of savings follow through into the MTFS. It was noted some of the figures are different to those in the budget strategy paper. This was explained as the MTFS is work in progress and the figures were taken at different dates.</p> <p>Also the MTFS has put some slippage into the timing of savings coming through as later than the collaboration team.</p> <p>The final budget for 18/19 will be presented to the Police and Crime Panel with finalised collaboration savings included.</p> <p>The committee asked at what point the 7Force Collaboration is included in the Internal Audit plan.</p> <p>There has already been an audit of ERSOU. RSM are internal auditors for five of the seven regional forces and if necessary can approach Norfolk and Suffolk to agree to take lead in an audit.</p> <p>There is currently only procurement and that is undergoing a lot of change currently.</p> <p>JA stated over the next year we want to see traction over work streams once definitive business cases have been through proper governance processes.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p>
<p>9.</p>	<p>Operational Risk Register</p>
	<p>This identifies risks and issues carried by the Constabulary.</p> <p>The colour on the left is where we were and on the right is where we are.</p> <p>Vetting – HMICFRS were content with our progress and our Legitimacy inspection was</p>

	<p>graded as Good and we are on track for April 2018.</p> <p>Allard vs Ord is out of our hands but we have managed down at a local level as much as we can. It will go into accounts this financial year.</p> <p>One member asked about the Health and Safety risk and noticed it focussed on occupational health. It was explained that the risks on this register are those that are of concern at the highest level of the organisation.</p> <p>There is a Health & Safety Board that looks at all issues and can escalate if necessary.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p>
10.	Published HMICFRS Reports
	<p>The reports gives links for the Efficiency including VfM report and the Legitimacy report was published on 12th December 2017.</p> <p>The committee stated it was good to see an improvement and they look forward to working with Corporate Development Department over the coming year and are keen to contribute.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p>
11.	Treasury Management Mid-Year Review
	<p>This is the mid-year review and is for the committee to note progress.</p> <p>GO informed the committee that he and MW had initial meetings with Capita and are looking to refresh the strategy for next year. There has been very low yield from investments as interest rates are so low.</p> <p>There is currently a very low risk appetite for investments which restricts us further so reviewing wider risk appetite and will look at investing at AA rather than AAA which will allow us greater returns.</p> <p>We also know that we will be borrowing for the Southern Policing Hub.</p> <p>GO stated he will be reviewing the MRP Policy.</p> <p>JA stated one of his biggest challenges is to improve income streams but this brings risk. Current legislation does not give PCC's the power of competence like Local Government but is hopeful this will come.</p>

	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p>
<p>12.</p>	<p>Budget Strategy</p>
	<p>The report is for the committee to note. It has been through Business Co-ordination Board (BCB) and the final version will go to the Police and Crime Panel in January.</p> <p>July – a high level report on the process went to BCB. Various meetings with invited colleagues to show clear link between Police and Crime Plan and MTFs and feed into the budget process. Also the impact of demand is taken into consideration and savings targets have been reviewed and another year has been added on.</p> <p>The biggest unknown is the Police Grant and we have had no indications from the budget on 22 November.</p> <p>The strategy models a worst case scenario of year on year cut and a hoped for situation of a freeze to grant. This gives a £10 – 14m gap at the end of the four years.</p> <p>The savings table has been reviewed to assess how reasonable they are, and then we have RAG rated the savings. For example HR is reliant on the implementation of the ERP system to enable changes in the business case. Therefore, it is correct to have the savings included but they are RAG rated red as there is a high risk for them to be delivered on time.</p> <p>We expect the grant settlement announcement next week and will model to understand the implications.</p> <p>A report will go to BCB on 16th January and then the precept report to the Police and Crime Panel on 31 January.</p> <p>The committee asked when would be a good time to see the final budget to ensure risks are managed.</p> <p>The committee were informed that Nick Hurd the Policing Minister has visited forces and there has been intimation that the Government may lift the cap on council tax precept. We are preparing consultation on a number of increases with a clear narrative of what this will provide. Every penny will be spent on frontline policing. Although this could make a substantial difference, there are still challenges ahead.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> <p>(ii) <i>Share the Panel report with members.</i></p>

<p>13.</p>	<p>Board Assurance Framework</p>
	<p>The Police and Crime Plan also includes Community Safety and Criminal Justice System. The PCC has powers of influence rather than control over these areas.</p> <p>Progress made against the individual outcomes doesn't achieve the overall objective as shown at point 3.3.</p> <p>We want to create a BAF to ensure the outcomes and the totality of the actions will meet the objective.</p> <p>The OPCC team structure needs to focus on each objective with capacity for programme management. The BAF will not work without grip and understanding of what is happening in public services and be able to shrink together. The team structure has no budget increase.</p> <p>The BAF will allow the capacity to work strategically and not just repetition of other documents.</p> <p>The consultation for staff has closed and counter proposals are being considered with a date set in mid-January for final consultation. Expect the new mechanisms to come in from April 2018.</p> <p>The committee stated the BAF is not for their benefit but a prioritisation tool for the OPCC. Therefore, there is no preference of appendix – it is what enables the OPCC as sufficiently as possible that matters.</p> <p>A BAF will be helpful to identify controls assurance on the critical pathway to achieve the Plan objectives.</p> <p>We need people to deliver with finite resources and extended responsibility the PCC has. The four themes are key with ownership over delivery and credential to challenge partnerships.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p>
<p>14.</p>	<p>Feedback from Tri-Force Meeting and proposed Terms of Reference</p>
	<p>The last meeting was held in November and hosted by Bedfordshire. The Chair of the Beds Committee has drafted some terms of reference for the group.</p> <p>The committee and officers agreed that once a year is adequate for the group to meet and asked whether there is merit in this being a training opportunity for the BCH committees.</p>

	<p>Simon stated he and the other Chairs are working through the process of scrutiny for collaborated reports and work better and develop the process.</p> <p>The Tri-Force is moving towards being more of a discussion forum.</p> <p>The opportunity for Tri-Force overview will provide extra checks and balances over the risks BCH face. Oversight of BCH is welcomed.</p> <p>The role of the Tri-Force group is becoming clearer as to where it should be headed.</p> <p>Simon informed the committee that he is meeting with the Chairs from Beds and Herts after Christmas and will report back.</p> <p>If anybody has any comments on the proposed terms of reference please feed them through via NL.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> <p>(ii) <i>Any comments on proposed ToR feedback to NL.</i></p>
<p>15.</p>	<p>RSM Training proposal for the committee</p>
	<p>Simon stated he had a conversation with Matt Humphrey from RSM and the proposal had been shared with NH & DG. The committee felt the training would be better in Q2 to allow for another meeting to have taken place. They are aware of the cost but would commend the training proposal to officers.</p> <p>The committee discussed whether there was merit in this training being Tri-Force but the committee agreed this would cause delays.</p> <p>The officers agreed happy to proceed.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p> <p>(ii) <i>NL to speak to MH at RSM to arrange dates.</i></p>
<p>16.</p>	<p>Forward Agenda Plan</p>
	<p>The forward agenda plan was reviewed and will form agendas through 2018.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p>

17.	AOB
	A member asked if reports in the future could have a cover paper stating whether they are for information or action. They will send an example to NL.
18.	Date of Next Meeting
	The next meeting will be held on Wednesday 18 April 2018 at 10.30am, Conference Room 4, Police Headquarters, Huntingdon. Members are invited to attend from 09.45am for a pre-meet.

Simon Smith